

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 L-03 TRSE-00 EB-11 FRB-02 FCSC-01 SS-20

NSC-10 CIAE-00 INR-10 NSAE-00 RSC-01 COME-00 DRC-01

SAM-01 H-03 SPC-03 STR-08 /100 W

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P 130920Z FEB 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC PRIORITY 5774

C O N F I D E N T I A L PRAGUE 0298

E.O. 11652: GDS

TAGS: PFOR, EFIN, CZ, L/C

SUBJECT: CLAIMS NEGOTIATIONS

1. SUMMARY: IN NINETY-MINUTE CALL ON FOREIGN MINISTER
CHNOUPEK AMBASSADOR REVIEWED STATE OF CLAIMS NEGOTIATIONS.
DISCUSSION FOCUSED ON CZECH CONCERN THAT AGREEMENT SHOULD
CONTAIN SOME ARRANGEMENT RELATING COMPLETION OF PAYMENTS
TO MFN, AMBASSADOR SET FORTH PROBLEM ARISING OUT OF STATUS
OF TRADE BILL, AND PROPOSED THAT NEGOTIATIONS CONTINUE
WITH MFN QUESTION IN ABEYANCE. AMBASSADOR ALSO SUMMAR-
IZED POSITION ON RETURN OF GOLD (STATE 22581). CHNOUPEK,
EXPRESSING DETERMINATION OF HIS GOVERNMENT TO MOVE AHEAD
IN BILATERAL RELATIONSHIP, SAID THAT DELAY IN ADDRESSING
MFN QUESTION POSES PROBLEM, BUT EXPRESSED PERSONAL VIEW
THAT CZECHS SHOULD PROCEED TO AGREED OR INITIALED TEXT.
END SUMMARY.

2. FOLLOWING CORDIAL GREETING AND BRIEF DISCUSSION OF CSCE
ARISING OUT OF AMBASSADOR'S UP-COMING DEPARTURE FOR GENEVA,
CHNOUPEK TURNED TO BILATERALS WITH REFERENCE TO PROGRESS MADE
SINCE 1972. AMBASSADOR, IN AGREEING, SAID WE HAD MOVED WELL
ALONG IN CLAIMS NEGOTIATIONS. HE THEN EXPLAINED MFN SITUA-
TION ALONG LINES STATE 15861. CHNOUPEK SAID THAT HE HAD
FOLLOWED NEGOTIATIONS CLOSELY AND HAD UNTIL RECENTLY CONSIDERED
THAT HE COULD GO TO LEADERSHIP WITH BASIS FOR AGREEMENT. HOW-
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EVER NEW FACTOR HAS NOW APPEARED WHICH AFFECTS FRAMEWORK ON

WHICH AGREEMENT WOULD BE BASED. HE REITERATED DESIRE OF CZECH LEADERSHIP TO MOVE FORWARD, INCLUDING EXPANDED TRADE, BUT SAID THIS REQUIRED MFN IF THEY WERE TO TRADE SUCCESSFULLY. INABILITY TO DEAL NOW WITH FORMULA WHICH RELATED ACTION UNDER FINANCIAL AGREEMENT TO SUBSEQUENT GRANT OF MFN, ALONG LINES OF HUNGARIAN AGREEMENT, COMPLICATES SITUATION AND HE DOES NOT KNOW WHAT TO DO.

3. AMBASSADOR REVIEWED STATE OF ACTION ON TRADE BILL AND REASONS WHY WE CANNOT NOW DEAL WITH QUESTION OF MFN IN CONNECTION WITH CLAIMS AGREEMENT, EVEN TO EXTEND OF HUNGARIAN FORMULATION. HE URGED THAT CZECHS SHOULD MOVE AHEAD ON CLAIMS/GOLD EVEN IF MFN MUST FOR TIME BEING BE EXCLUDED FROM ANY AGREEMENT.

4. AMBASSADOR TURNED TO QUESTION OF RETURN OF GOLD AND EXPLAINED NEED FOR FOUR MILLION CASH PAYMENT. CHNOUPEK, REFERRING TO MUTUAL INTEREST IN IMPROVING RELATIONS AND IN BETTERING INTERNATIONAL CLIMATE, SAID THAT HE WAS PERSONALLY INCLINED TO RECOMMEND TO LEADERSHIP THAT WE CONTINUE WITH NEGOTIATIONS TO OR THROUGH INITIALLING. HE DID NOT REACT UNFAVORABLY TO INCREASE IN CASH PAYMENTS FROM TWO TO FOUR MILLION DOLLARS. HE SAID HE WOULD WANT TO SLEEP ON OUR PROPOSALS, AND WOULD THEN GO TO GOVERNMENT WITH HIS RECOMMENDATIONS.

5. CHNOUPEK, WHO HAD BEEN OUT OF ACTION FOR SEVERAL WEEKS DUE TO BACK TROUBLE, SEEMED FIT. HE WAS VERY FRIENDLY AND MAINTAINED POSITIVE TONE IN DISCUSSING BILATERAL AND BROADER QUESTIONS. HE AVOIDED DETAILS OF CZECHOSLOVAK POSITION ON OTHER UNRESOLVED ISSUES (LUMP SUM, SURPLUS PROPERTY) LEAVING OPEN QUESTION OF WHAT REMAINS TO BE RESOLVED ON THESE MATTERS.
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Message Attributes

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